

EXHIBIT D

**AMERICAN ASSOCIATION OF
UNIVERSITY PROFESSORS -
COLLECTIVE BARGAINING CONGRESS**

STATEMENT OF EXPENSES AND ALLOCATION OF
EXPENSES BETWEEN CHARGEABLE EXPENSES
AND NON-CHARGEABLE EXPENSES

YEAR ENDED DECEMBER 31, 2016



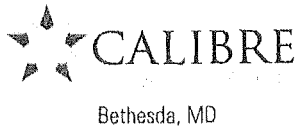
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REPORT OF INDEPENDENT AUDITORS

Executive Committee
American Association of University Professors -
Collective Bargaining Congress

We have audited the accompanying statement of expenses and allocation of expenses between chargeable expenses and non-chargeable expenses of the American Association of University Professors - Collective Bargaining Congress for the year ended December 31, 2016, and the related notes to the statement.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this statement in accordance with the significant accounting policies presented in Note 1 to the statement, the definitions presented in Note 2 to the statement and the significant factors and assumptions described in Note 3 to the statement; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the statement that is free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the statement. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the statement, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the statement of expenses and allocation of expenses between chargeable expenses and non-chargeable expenses presents fairly, in all material respects, the expenses of the American Association of University Professors - Collective Bargaining Congress for the year ended December 31, 2016, modified as discussed in Note 4 to the statement and the allocation of those expenses between chargeable expenses and non-chargeable expenses on the basis of the definitions in Note 2 to the statement and the significant factors and assumptions described in Note 3 to the statement.

Basis of Accounting

We draw attention to the notes to the statement, which describe the basis of presentation. Total expenses reflected in the statement agree to expenses reflected in the audited financial statements of the American Association of University Professors - Collective Bargaining Congress for the year ended December 31, 2016, as modified to remove certain expenses, as detailed in Note 4 to the statement. Notes 2 and 3 to the statement describe definitions of chargeable expenses and non-chargeable expenses and the significant factors and assumptions used in the allocation of expenses between chargeable and non-chargeable used for the purpose of determining the fair share cost of services rendered by the American Association of University Professors - Collective Bargaining Congress for agency fee payers represented by, but not members of, the AAUP-CBC. Our opinion is not modified with respect to that matter.

Other Matter

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the American Association of University Professors - Collective Bargaining Congress as of and for the year ended December 31, 2016, and our report thereon dated May 19, 2017 expressed an unmodified opinion on those financial statements.

Restrictions on Use

This report is intended solely for the information and use of the American Association of University Professors - Collective Bargaining Congress and its agency fee payers and is not intended to be and should not be used by anyone other than these specified parties.

Calibre CPA Group, PLLC

Bethesda, MD
June 28, 2017

**AMERICAN ASSOCIATION OF UNIVERSITY PROFESSORS -
COLLECTIVE BARGAINING CONGRESS**

**STATEMENT OF EXPENSES AND ALLOCATION OF
EXPENSES BETWEEN CHARGEABLE EXPENSES
AND NON-CHARGEABLE EXPENSES**

FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>Chargeable to</u> <u>Objectors</u>	<u>Non-Chargeable</u> <u>to Objectors</u>	<u>Total</u> <u>Expenses</u>
Expenses Categories			
Chapter services	\$ 358,622	\$ -	\$ 358,622
State conference support	102,288	-	102,288
Summer Institute	257,585	-	257,585
Communications	107,839	-	107,839
Workshops and conferences	130,478	-	130,478
Elections	12,430	-	12,430
Economic Status of the Profession	145,051		145,051
Administrative functions			
Administration	792,548	491,785	1,284,333
Member benefits	222,332	-	222,332
Membership processing	220,378	-	220,378
Executive committee	68,059	-	68,059
Annual meeting	118,463	-	118,463
Chapter organizing	-	758,655	758,655
Policy work	-	129,533	129,533
Casework	-	148,762	148,762
Research	-	9,461	9,461
Legal advocacy	-	21,534	21,534
Government relations	-	13,937	13,937
Total eligible expenses	<u>\$ 2,536,073</u>	<u>\$ 1,573,667</u>	<u>\$ 4,109,740</u>
Percentage chargeable/non-chargeable	<u>61.71%</u>	<u>38.29%</u>	<u>100.00%</u>

See accompanying notes to statement.

**AMERICAN ASSOCIATION OF
UNIVERSITY PROFESSORS -
COLLECTIVE BARGAINING CONGRESS**

**NOTES TO STATEMENT OF EXPENSES AND ALLOCATION OF
EXPENSES BETWEEN CHARGEABLE EXPENSES
AND NON-CHARGEABLE EXPENSES**

YEAR ENDED DECEMBER 31, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the significant accounting and reporting policies of the American Association of University Professors - Collective Bargaining Congress (the AAUP-CBC). The summary is presented to assist in understanding the statement of expenses.

Basis of Accounting

The presentation of total expenses, modified as discussed in Note 4, has been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America and is presented in United States dollars. The presentation of chargeable and non-chargeable amounts is based on the definitions in Note 2 and assumptions in Note 3.

Accounting Estimates

The preparation of a statement of expenses in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts expensed during the reporting period. Actual results may differ from those estimates.

NOTE 2. DEFINITIONS

Chargeable Expenses

Chargeable expenses include the share of the costs of operations of the AAUP-CBC which are considered necessarily and reasonably incurred for the purposes of assisting affiliated chapters in the performance of their duties as representatives of the employees in dealing with the employers on labor management issues including the costs of:

- Negotiating, administering and securing the ratification and implementation of collective bargaining agreements;
- Settling grievances and disputes by mutual agreement or in arbitration, in court or otherwise; and

NOTE 2. DEFINITIONS (CONTINUED)

- Maintenance of the associational existence of the AAUP-CBC and its chapters.

The following expenses are considered to be of direct benefit to nonmembers, given their close connection to negotiated terms and conditions of faculty appointment. The AAUP-CBC considers the expenses listed below to be chargeable to objecting nonmembers who pay agency fees.

Chapter Services

These expenses reflect direct services provided to AAUP-CBC chapters. The services include consultation on negotiations, grievances, arbitrations, chapter organizational issues, and other activities germane to the collective bargaining process. No membership recruitment expenses are included.

State Conference Support

These expenses reflect AAUP-CBC support for efforts of the state conferences to strengthen collective bargaining at a local level and are considered chargeable.

Summer Institute, Workshops and Conferences

These expenditures relate to conventions, meetings and workshops of the AAUP-CBC addressing the common concerns of collective bargaining chapters and serve to educate collective bargaining leaders in the organization.

Economic Status of the Profession

The AAUP-CBC supports the American Association of University Professors (the AAUP) prepared definitive annual report on faculty salaries at institutions of higher education. The annual report serves as a benchmark for the academic community in establishing compensation packages. It proves highly useful to the AAUP-CBC collective bargaining chapters in negotiations over compensation. The expense of the report is allocated between the AAUP-CBC and the AAUP.

Communications

These expenses relate to member communications, including web site updates that address matters of general interest to the general membership.

Membership Administration and Governance

Administrative functions such as member benefits, membership processing, executive committee, and the AAUP-CBC annual meeting are considered chargeable.

NOTE 2. DEFINITIONS (CONTINUED)**Non-Chargeable Expenses**

Non-chargeable expenses are those expenses incurred by the AAUP-CBC for activities that are ideological or political in nature and expenses incurred for activities unrelated to collective bargaining and the work-related interests of members.

The term “ideological” is defined as support for certain positions that the AAUP-CBC may take which are not work-related or do not have an impact on the wages, hours or working conditions of those represented by the AAUP-CBC.

The term “political” is defined as support of, or opposition to, political parties or candidates for political office and expenses associated with fundraising for such. Included in the definition of “political” are voter registration and political get out the vote efforts.

Activities that are considered as non-chargeable include the following:

- Public relations and other efforts directed toward functional activities that are not considered germane to representing non-members in the collective bargaining process;
- Litigation costs that are not germane to member representation.

The following expenses of the AAUP-CBC, to the extent they are not germane to collective bargaining, are considered to be non-chargeable to objecting agency fee payers - chapter organizing, policy work, casework, research, legal advocacy and government relations.

NOTE 3. SIGNIFICANT FACTORS AND ASSUMPTIONS USED IN THE ALLOCATION OF EXPENSES BETWEEN CHARGEABLE EXPENSES AND NON-CHARGEABLE EXPENSES

The general administration expenses are allocated to chargeable and non-chargeable expenses based on the overall chargeable and non-chargeable percentages.

NOTE 4. RECONCILIATION OF EXPENSES FROM AUDITED FINANCIAL STATEMENTS TO STATEMENT OF CHARGEABLE AND NON-CHARGEABLE EXPENSES

The following is a reconciliation of total expenses as reported on the audited financial statements to the total expenses allocated between chargeable and non-chargeable expenses.

Total expense for all funds as reported on the audited financial statements	\$	4,082,330
Add: Bad debt expense recovery		27,410
	\$	<u>4,109,740</u>

NOTE 5. SUBSEQUENT EVENTS

Subsequent events have been evaluated through June 28, 2017, which is the date the statement was available to be issued. The review and evaluation revealed no new material event or transaction which would require an additional adjustment to or disclosure in the accompanying financial statement.